

Message Text

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PAGE 01 STATE 137606

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FM SECSTATE WASHDC

TO AMCONSUL MONTREAL

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E.O. 11652: N/A

TAGS: ETRN, ICAO

SUBJECT:- BUDGET ESTIMATES 1975, 1976, 1977

REFERENCE: C-WP/6028

FOR USREP ICAO

1. FOLLOWING IS GUIDANCE FOR USREP CONCERNING COUNCIL'S BUDGET MESSAGE FOR TRIENNUM 1975-1977. THE ESTIMATES PROPOSED (\$12,568,000 FOR 1975; \$13,458,000 FOR 1976 AND \$14,196,000 FOR 1977 CONSTITUTING A TOTAL OF \$40,222,000) REPRESENT 15.1, 7.1 AND 5.5 INCREASES RESPECTIVELY OVER PRIOR YEAR. IT IS NOTED THAT PREPONDERANCE OF INCREASES RESULTS FROM THE UN-WIDE DECISION TO INCORPORATE 5 CLASSES OF POST ADJUSTMENT INTO PROFESSIONAL SALARIES, REVISION OF GENERAL SALARY SCALES DUE ECONOMIC DEVELOPMENTS, INCREASED OFFICE SPACE IN NEW HEADQUARTERS PREMISES AND GENERAL INFLATIONARY PRESSURES ON ALL ELEMENTS OF COST.

2. WE NOTE WITH SATISFACTION THE CAREFUL AND DELIBERATE SCRUTINY BY THE FINANCE COMMITTEE DURING COURSE PAST 10 MONTHS GIVEN TO THE SECRETARY GENERAL'S ESTIMATES FOR 1975-1977. DEPARTMENT PARTICULARLY GRATIFIED BY COMMITTEE

UNCLASSIFIED

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PAGE 02 STATE 137606

RECOMMENDATION THAT WITH REGARD 1977 REGULAR ASSEMBLY ONLY

FUNDS TO COVER A MEETING AT HEADQUARTERS MONTREAL SHOULD

BE INCLUDED IN THE BUDGET INSTEAD OF ARITHMETIC MEAN OF AMOUNTS FOR THE MINIMUM COST (HEADQUARTERS) AND HIGH COST REGIONAL LOCATION. WE AGREE WITH AMORTIZING COSTS OF FINISHING CONFERENCE AREA (\$269,000) OVER 5 YEARS RATHER THAN 30 YEARS AS ORIGINALLY CONCEIVED. THIS WILL RESULT IN LOWER INTEREST CHARGES AND SEEMS REASONABLE TIME FRAME FOR THIS TYPE OF COST.

3. IT IS NOTED THAT ESTIMATES PART I-V AS REVISED ARE BASED ON SALARY, PRICE AND EXCHANGE RATE LEVELS IN EFFECT MARCH/APRIL 1974 AND THAT NO ATTEMPT TO PROJECT OR PROVIDE FOR SALARY OR PRICE INCREASES LIKELY TO OCCUR DURING NEXT TRIENNUM ARE INCLUDED IN THESE ESTIMATES. ON THIS BASIS WE CAN AGREE WITH SEPARATE APPROPRIATION UNDER PART VI TO DEAL WITH THESE CONTINGENCIES, WHICH ANY ORGANIZATION MUST PROVIDE FOR WHEN DEALING WITH A 3 YEAR FORWARD PROJECTION. THE PART VI CONTINGENCY PROVISION APPEARS TO BE PREDICATED ON REASONABLE COST, EMOLUMENT ASSUMPTIONS.

4. WITH REGARD TO 3 PER CENT VACANCY RATE FACTOR ASSUMPTION FOR TRIENNUM USED IN DEVELOPMENT BUDGET PROPOSAL, AS A GENERAL BELT-TIGHTENING MEASURE USREP MAY ASSOCIATE WITH ANY REASONABLE PROPOSAL TO INCREASE THIS ESTIMATE.

5. WHILE WE RECOGNIZE THAT PREPONDERANCE OF INCREASE OF 1975 OVER 1974 IS ATTRIBUTABLE TO INFLATION, EXCHANGE RATE EXIGENCIES AND COMMON SYSTEM DEVELOPMENTS, WE ARE CONCERNED NEVERTHELESS BY THE SIZE OF THE RELATIVE INCREASE INDICATED. WE FEEL CLOSE SCRUTINY OF INCREASES USREP FORESEES (MONTREAL 904) VERY USEFUL, AND USREP MAY JOIN WITH OTHER MEMBERS IN EFFORT TO HOLD EXPANSION TO ABSOLUTE MINIMUM CONSIDERED NECESSARY.

5. US REPRESENTATIVE MAY SUPPORT A RECOMMENDATION TO FORWARD THE BUDGET REQUEST TO THE ASSEMBLY FOR ITS CONSIDERATION. US RESERVES RIGHT, OF COURSE, TO PROPOSE OR SUPPORT MODIFICATIONS DURING EXAMINATION AT THE 21ST
UNCLASSIFIED

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PAGE 03 STATE 137606

ASSEMBLY. IN THIS CONNECTION, WOULD APPRECIATE FULL REPORTING BY MISSION OF VIEWS OTHER COUNCIL MEMBERS WITH REGARD TO THE 1975-1977 TRIENNUM ESTIMATES FOR USE IN PREPARING DEFINITIVE US POSITION FOR THE ASSEMBLY. SISCO

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